

State Tax Commission

Analyst: Hancock

Historical Summary

OPERATING BUDGET	FY 2003 Total App	FY 2003 Actual	FY 2004 Approp	FY 2005 Request	FY 2005 Gov Rec
BY PROGRAM					
General Services	7,554,900	7,292,200	7,202,400	9,224,500	7,438,200
Audit and Collections	13,277,300	12,310,100	14,663,800	14,809,100	14,882,900
Revenue Operations	4,465,200	4,449,700	4,632,100	5,043,200	5,051,600
County Support	2,707,400	2,808,000	2,869,500	2,985,700	2,996,100
Total:	28,004,800	26,860,000	29,367,800	32,062,500	30,368,800
BY FUND CATEGORY					
General	23,239,200	22,409,300	24,148,500	25,981,400	24,515,500
Dedicated	4,765,600	4,382,700	5,219,300	6,081,100	5,853,300
Federal	0	68,000	0	0	0
Total:	28,004,800	26,860,000	29,367,800	32,062,500	30,368,800
Percent Change:		(4.1%)	9.3%	9.2%	3.4%
BY OBJECT OF EXPENDITURE					
Personnel Costs	20,326,400	19,335,100	21,295,400	22,270,600	22,457,300
Operating Expenditures	7,495,400	7,363,800	7,873,400	9,570,300	7,781,900
Capital Outlay	183,000	161,100	199,000	221,600	129,600
Total:	28,004,800	26,860,000	29,367,800	32,062,500	30,368,800
Full-Time Positions (FTP)	412.00	412.00	406.00	410.50	410.50

Division Description

The State Tax Commission has four budgeted programs: General Services, Audit and Collections, Revenue Operations, and County Support. 1.) The General Services program consists of the Commissioners, Administrative Section, Legal Section, Tax Policy Section, Information Technology Section, and the Management Services Division. This organizational structure provides for centralized management, policy development, legal, personnel, fiscal and computer services. 2.) The Audit and Collections program provides direct taxpayer service to the public from the administrative office in Boise and five field office locations; collects delinquent taxes and conducts audits on virtually all tax types administered by the agency by authority of Idaho Code and the Multi-State Tax Compact; conducts discovery and enforcement efforts directed at non-filers and administers Idaho's unclaimed property statutes. 3.) Revenue Operations administers the voluntary tax compliance program. Activities include: a) registering permit holders for sales, withholding, hotel/motel, special fuels, beer, wine, cigarette and tobacco taxes; b) ensuring that all individuals and licensed businesses are mailed proper tax forms for reporting; c) establishing taxpayer liability, as well as processing revenue and refund documents submitted by taxpayers; and d) maintaining a records system capable of providing individuals with tax documents. 4.) The County Support Program provides oversight and technical support in the administration of the property tax system, working to ensure fair, equitable, and accurate property taxation. The program is responsible: to annually appraise all class three operating property, as required by Section 63-2215, Idaho Code; to examine property tax levies of all taxing districts to ensure compliance with Idaho Code; to develop forms, procedures and computer software necessary for county assessors to appraise property; to develop an assessor's manual in order to facilitate uniformity of appraisals; and to administer property tax relief through the Circuit Breaker program.

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Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2004 Original Appropriation	406.00	24,148,500	29,367,800	406.00	24,148,500	29,367,800
Non-Cognizable Funds and Transfers	0.00	0	0	0.00	0	0
FY 2004 Estimated Expenditures	406.00	24,148,500	29,367,800	406.00	24,148,500	29,367,800
Removal of One-Time Expenditures	0.00	(92,500)	(131,100)	0.00	(92,500)	(131,100)
Base Adjustments	0.00	0	0	0.00	0	0
FY 2005 Base	406.00	24,056,000	29,236,700	406.00	24,056,000	29,236,700
Personnel Cost Rollups	0.00	379,200	447,100	0.00	379,200	447,100
Inflationary Adjustments	0.00	63,700	85,200	0.00	0	0
Replacement Items	0.00	275,200	358,800	0.00	0	83,600
Nonstandard Adjustments	0.00	(36,800)	(8,900)	0.00	(196,800)	(208,900)
Change in Employee Compensation	0.00	151,300	182,200	0.00	306,300	368,900
Fund Shifts	0.00	(29,200)	0	0.00	(29,200)	0
FY 2005 Program Maintenance	406.00	24,859,400	30,301,100	406.00	24,515,500	29,927,400
1. Upgrade GenTax Software	0.00	1,122,000	1,320,000	0.00	0	0
2. Motor Carrier Audit from ITD	4.50	0	267,400	4.50	0	267,400
3. Kootenai Local Option Tax	0.00	0	174,000	0.00	0	174,000
FY 2005 Total	410.50	25,981,400	32,062,500	410.50	24,515,500	30,368,800
Change from Original Appropriation	4.50	1,832,900	2,694,700	4.50	367,000	1,001,000
% Change from Original Appropriation		7.6%	9.2%		1.5%	3.4%

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2004 Original Appropriation	406.00	24,148,500	5,219,300	0	29,367,800

Non-Cognizable Funds and Transfers

Transfers funds from Audit & Collections to General Services and Revenue Operations.

Agency Request	0.00	0	0	0	0
Governor's Recommendation	0.00	0	0	0	0

FY 2004 Estimated Expenditures					
Agency Request	406.00	24,148,500	5,219,300	0	29,367,800
Governor's Recommendation	406.00	24,148,500	5,219,300	0	29,367,800

Removal of One-Time Expenditures

Removes funding provided for one-time items.

Agency Request	0.00	(92,500)	(38,600)	0	(131,100)
Governor's Recommendation	0.00	(92,500)	(38,600)	0	(131,100)

Base Adjustments

Transfers personnel funds from Audit & Collections to General Services and County Support.

Agency Request	0.00	0	0	0	0
Governor's Recommendation	0.00	0	0	0	0

FY 2005 Base					
Agency Request	406.00	24,056,000	5,180,700	0	29,236,700
Governor's Recommendation	406.00	24,056,000	5,180,700	0	29,236,700

Personnel Cost Rollups

Includes the employer-paid portion of estimated changes in employee benefit costs. The two biggest factors are: health insurance rates which are projected to increase by 17 percent, from \$5,548 to \$6,493 per employee; and retirement system (PERSI) rates that will increase by over 6% to 10.39 and 10.73 percent of salary for regular and police/firefighter members, respectively.

Agency Request	0.00	379,200	67,900	0	447,100
Governor's Recommendation	0.00	379,200	67,900	0	447,100

Inflationary Adjustments

Includes a general inflationary increase of 1.9% in operating expenditures.

Agency Request	0.00	63,700	21,500	0	85,200
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The Governor recommends no increase for general inflation.

Governor's Recommendation	0.00	0	0	0	0
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Replacement Items

Replacement Items include \$25,100 in ongoing software and hardware maintenance costs, \$110,900 for a request to lease 170 new computers and 49 new laptop computers on three-year leases, \$49,000 to upgrade server documentation software, \$24,600 for a new purchase of disaster recovery planning software, \$75,000 for five computer servers, \$15,500 for 10 ethernet switches, \$9,500 for a production printer, \$30,000 for storage area network disks, \$13,600 for 20 laser printers, \$4,500 for a network switch, and \$1,100 to replace the field office telephone system in Lewiston.

Agency Request	0.00	275,200	83,600	0	358,800
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The Governor recommends no General Fund money for Replacement Items.

Governor's Recommendation	0.00	0	83,600	0	83,600
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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
Nonstandard Adjustments					
Nonstandard Adjustments include \$200,000 in increased software maintenance charges for the Tax Commission's GenTax system, a \$1,800 decrease in office rent at the Twin Falls field office, and decreases in Attorney General fees (-\$59,400), risk management fees (-\$4,300), State Controller fees (-\$47,700), and State Treasurer fees (-\$95,700).					
Agency Request	0.00	(36,800)	27,900	0	(8,900)
<i>The Governor recommends no increased funding for software maintenance.</i>					
Governor's Recommendation	0.00	(196,800)	(12,100)	0	(208,900)
Change in Employee Compensation					
Reflects the cost of a 1% salary increase for permanent and group positions.					
Agency Request	0.00	151,300	30,900	0	182,200
<i>The Governor recommends a compensation increase of 2% to be distributed based on merit. No adjustment to the pay line is recommended.</i>					
Governor's Recommendation	0.00	306,300	62,600	0	368,900
Fund Shifts					
Shifts \$24,300 from the General Fund to the Unclaimed Property Fund, and shifts \$4,900 from General Fund to Administration & Accounting Fund, in order to provide a more accurate cost allocation.					
Agency Request	0.00	(29,200)	29,200	0	0
Governor's Recommendation	0.00	(29,200)	29,200	0	0
FY 2005 Program Maintenance					
Agency Request	406.00	24,859,400	5,441,700	0	30,301,100
Governor's Recommendation	406.00	24,515,500	5,411,900	0	29,927,400
1. Upgrade GenTax Software					
This enhancement would provide \$840,000 in one-time funding and \$480,000 in ongoing funding to upgrade the Tax Commission's new GenTax software system from version 3.0 to the new dot-Net version. Funds would be used to pay computer programmers with Fast Enterprises (which developed the GenTax system for Idaho and several other states and provinces) to make the necessary upgrades. In addition to improving future compatibility, the commission estimates that the upgraded system will help improve collections management, resulting in an annual increase of \$1,145,000 in new revenue for the State, without the addition of any new employees.					
Agency Request	0.00	1,122,000	198,000	0	1,320,000
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0
2. Motor Carrier Audit from ITD					
This enhancement implements a recommendation from the Governor's Blue Ribbon Task Force, which advised the state to consolidate Motor Carrier fuels taxes and registration fee audits under the Tax Commission. As such, this enhancement represents a transfer of this function, along with the associated funding and positions, from the Idaho Transportation Department (ITD) to the Tax Commission. These positions are funded from fuel tax revenues, just as they were at ITD.					
Agency Request	4.50	0	267,400	0	267,400
Governor's Recommendation	4.50	0	267,400	0	267,400

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
3. Kootenai Local Option Tax					
This enhancement would provide one-time spending authority from the Administration & Accounting Fund for the Tax Commission to provide administrative services for Kootenai County's local option Sales Tax. The commission would provide administrative and reporting services for the county, which would be paid for from the additional local option revenues collected on behalf of Kootenai County by the commission.					
Agency Request	0.00	0	174,000	0	174,000
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>174,000</i>	<i>0</i>	<i>174,000</i>
FY 2005 Total					
Agency Request	410.50	25,981,400	6,081,100	0	32,062,500
<i>Governor's Recommendation</i>	<i>410.50</i>	<i>24,515,500</i>	<i>5,853,300</i>	<i>0</i>	<i>30,368,800</i>
Agency Request					
Change from Original App	4.50	1,832,900	861,800	0	2,694,700
% Change from Original App	1.1%	7.6%	16.5%		9.2%
<i>Governor's Recommendation</i>					
<i>Change from Original App</i>	<i>4.50</i>	<i>367,000</i>	<i>634,000</i>	<i>0</i>	<i>1,001,000</i>
<i>% Change from Original App</i>	<i>1.1%</i>	<i>1.5%</i>	<i>12.1%</i>		<i>3.4%</i>

Tax Commission

Issues & Information

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Organizational Chart

